



OFFICE *of the*
RAIL REGULATOR

SERVICE DELIVERY AGREEMENT

Published by the Office of the Rail Regulator
November 2000

Contents

A. Statement of accountability.....	1
B. Delivering key results.....	1
B1 Key performance targets.....	1
B2 Measuring Performance.....	3
C. Improving performance	4
C1 Strategies for improving performance	4
C2 Value for money targets.....	4
C3 Variations in performance	4
C4 Procurement.....	5
C5 Fraud.....	5
D. Consumer focus.....	6
D1 Consumer tests.....	6
D2 Consumer Access.....	6
D3 Awards for excellence in Service Delivery	7
D4 Prompt handling of correspondence	7
E. Managing people	7
E1 Civil Service reform	7
E2 Wider Public Service Reform.....	10
E3 Sickness Absence.....	10
F. Electronic government.....	10
G. Policy and strategy.....	11

A. Statement of accountability

1. The Office of the Rail Regulator (ORR) is an independent non-ministerial government department. The Rail Regulator has overall responsibility for the delivery of the Service Delivery Agreement outputs and outcomes.

B. Delivering key results

2. The aim of the ORR is through independent, fair and effective regulation to create and maintain the incentives and conditions necessary to achieve the continuous improvement of a safe, well maintained and efficient railway which meets the needs of its users, and facilitate investment in capacity to satisfy the demands of growth in passenger and freight traffic at the time it is needed.

B1 Key performance targets

3. ORR's Operational Plan for 2000-2001ⁱ contains greater detail about ORR's activities, its key objectives and details how it intends to achieve its targets and outputs for the current year. Below is a high level summary of ORR's objectives and measurable targets.
4. Some of the targets identified below are dependent on developments in the respective markets within the railway and, therefore, what happens in these markets may not fall directly within ORR's scope of control.

ⁱ *Operational Plan 2000—2001*, Office of the Rail Regulator, June 2000, London

Objective 1: Create and maintain an environment which protects the interests of users and funders, whilst creating appropriate incentives for Railtrack to deliver increased investment and improved performance.	
Targets	Delivery
<p><i>(Key outputs are specified in Table 14.1 of the periodic review final conclusionsⁱⁱ)</i></p>	<p><i>We will deliver the targets by measuring or monitoring the following and taking regulatory action as necessary:</i></p>
<ul style="list-style-type: none"> ▪ Implement the periodic review final conclusions subject to Railtrack appealing to the Competition Commission (implementation from 1 April 2001, provision is made for limited interim reviews to be made over the next period leading up to the next periodic review in 2005)ⁱⁱⁱ ▪ Securing delivery of the sustained network including capacity and capability (Network Management Statement (NMS) March 2001 setting the baseline, then annually through Railtrack's Network Management Statement) ▪ Establish greater accountability from Railtrack by modifying its network licence (modifications in place by April 2001 then continual monitoring) ▪ Receive, and review through independent reporters, improved monitoring information from Railtrack on best practice network stewardship (establish during 2001, information to be supplied on an annual basis) ▪ Ensure Railtrack delivers committed network enhancements (e.g. West Coast Route Modernisation – agreement to be reached on milestones over 2001-02) 	<ul style="list-style-type: none"> ▪ Network performance and asset condition ▪ Network size: track and route kilometres open for passenger and freight traffic ▪ Network capability, e.g. permissible speeds (track kilometres open for traffic), presented by speed bands ▪ Railtrack's compliance with its network licence (enforcement) ▪ Railtrack's regulatory accounts and the assessment of recovery plans ▪ Railtrack delivery ▪ Completion of freight review end 2000 ▪ Review Incremental Output Statement and possessions charges by July 2001

ⁱⁱ The periodic review of Railtrack's access charges: final conclusions, Volume I, Office of the Rail Regulator, October 2000, London

ⁱⁱⁱ The periodic review of Railtrack's access charges: final conclusions, Volume II, Office of the Rail Regulator, October 2000, London

Objective 2: Create a regulatory and commercial environment which reflects private sector commercial practice, empowering dependent customers and protects and promotes the interests of passengers, operators, freight users and third parties	
Targets	Delivery
<i>Key outputs are specified in various published ORR documents</i>	<i>We will deliver the targets by measuring and monitoring the following and taking regulatory action as necessary:</i>
<ul style="list-style-type: none"> ▪ Improved commercial understanding of the contractual matrix and strengthened relationships (model clauses expected to be published end 2000 for non-enhancement, early 2001 for enhancement) ▪ Timely investigation of complaints and notifications made under the Competition Act 1998 ▪ Facilitate the furtherance by the Strategic Rail Authority (SRA) of any of its strategies (from 2001) 	<ul style="list-style-type: none"> ▪ Establishing simplified but strengthened model clauses in contracts between operators and Railtrack ▪ Approval of new contracts and licences to meet SRA franchise replacement timetable. ▪ Establish and enforce network licence conditions whereby Railtrack complies with a code of practice on its dealings with third parties ▪ Timely dealing with access agreements ▪ Deliver railway industry guidelines on Competition Act 1998 to enable compliance ▪ Establish the framework for the basis of notification and exemptions (under Competition Act 1998) for industry agreements

B2 Measuring Performance

5. The key performance targets detailed above are derived from the current ORR Operational Plan which was consulted upon prior to publication. Information on performance and outputs is monitored monthly by Directors and by the ORR Board on a quarterly basis. ORR intends to verify performance by reporting back to all stakeholders on performance against objectives at the end of each financial year.

C. Improving performance

C1 Strategies for improving performance

6. Strategies for improving operational performance include the following:

- Implementing a new performance management system linked to competencies to support pay and performance management.
- Achievement of Investors in People accreditation.
- Implement a central training and development policy and plan to support the achievement of ORR's objectives.
- Appropriate performance standards and objectives for all internal services will be agreed and implemented across the Office. Standards are already in place for the Legal, Finance, Personnel and Facilities Divisions in ORR.
- New pay system that provides progression pathway based on performance

C2 Value for money targets

7. The ORR is currently carrying out a review of its organisational structure. This flows from the completion of the periodic review, and also takes into account the imminent enactment of the Transport Bill. Resource allocation to objectives and expected work activity will take place following this review, and will look at efficiency and value for money targets.

8. The Office will participate in an external efficiency study during 2000-01. ORR will review and implement, as appropriate, the recommendations of this efficiency study and agree with the Treasury by end of March 2001 a timetable for the implementation.

C3 Variations in performance

9. The Office, through its annual staff appraisal system, will identify poor performance and will manage this through such tools as close supervision, coaching, education,

training and development. Where appropriate, inefficiency will be managed through the correct part of the disciplinary process.

10. The Office has well established, set procedures and principles for dealing with consultations, decision-making arrangements, handling public grievances and operational planning. Variations in performance forms part of the monitoring and measurement performance through quarterly reviews from Directors to the ORR Board (see B2).
11. Best practice is also shared among regulators through regular meetings and working groups.

C4 Procurement

12. ORR will continue the practice of competitive tendering for consultancy and service contracts. Competition is encouraged on all purchases of goods and services, with formal tendering procedures in place for all instances where costs are likely to exceed £5,000. These procedures are publicised across ORR, and compliance reviewed regularly by the National Audit Office and the Internal Audit Services of DETR (who carry out our internal audit function).
13. ORR will work with the Office of Government Commerce to achieve economies of scale in purchasing.

C5 Fraud

14. The incidence of fraud at ORR is insignificant. ORR will work to improve the registering and tracking of assets acquired during 2000-01, using a capital asset package to replace the current register.
15. ORR will use the programme of internal audit to identify any potential risk of fraud, and rapidly implement appropriate systems/action/recommendations which might arise.
16. ORR has implemented and continues to review its system of internal financial control.

D. Consumer focus

D1 Consumer tests

17. ORR will continue to maintain a strong customer focus (which includes not only the general travelling public, but the railway companies, notably Railtrack, the passenger train operating companies and the freight operating companies). For example, the Regulator holds regular seminars with the passenger operating companies to hear what they consider the Regulator should be doing and to make representations to him for consideration within his remit.
18. ORR has in place certain quality standards when dealing with correspondence from the public and MPs. ORR will seek consistently to improve on this standard in responding to correspondence (*see D4*).
19. Through the established consultation process and subsequent publication of ORR's annual operational plan (a "corporate business plan"), the Office will continue to be responsive, fair and accountable. Furthermore, it will seek to be more transparent to railway stakeholders and those who have a specific interest in the work of ORR.
20. Once the Transport Bill, which is currently going through Parliament, is enacted, the Regulator's consumer protection functions and responsibility for the Rail Passenger Council (which represents rail passengers) will be transferred to the Strategic Rail Authority (SRA). ORR will continue to consult fully both the Rail Passengers Council and the SRA on major policy issues.

D2 Consumer Access

21. ORR's website at www.rail-reg.gov.uk can be accessed twenty-four hours a day. The intention is for all ORR publications to be available on this website and the aim is to ensure that all press releases and publications are available through the website on the day of publication. The ORR will conduct periodic surveys of its information output to see how the information and its delivery can be improved and whether it is still relevant.

22. The Regulator also has a duty under the Railways Act 1993 to maintain a public register. This can be viewed by making an arrangement with the ORR librarian.

D3 Awards for excellence in Service Delivery

23. None

D4 Prompt handling of correspondence

24. ORR aims to respond to public and Ministerial correspondence within 20 working days (*this is the Citizens Charter target*).

E. Managing people

E1 Civil Service reform

25. ORR endeavours to create an Office which has a diverse range of professional people working towards the overall aim of working in the public interest. ORR aims to establish best practice in all processes and in its dealings with the industry and government. ORR will continue to communicate effectively with its stakeholders and present policy objectives impartially and transparently.

Corporate Planning

26. The ORR publishes and consults upon an operational plan each year. This sets out its annual priorities, programme of work and budget for the forthcoming year. In 2001, the ORR will publish a three year, medium term, operational plan which will describe the strategic direction, programmes of work and resources required to deliver its objectives over that period of time.
27. Every directorate within ORR produces its own directorate plan which supports the Operational Plan. Each individual within the organisation produces individual accountability plans, which in turn feed into the directorate plans. This completes the cascading effect of the corporate planning process, integrating the individual, the directorate and the organisation fully, with the aim of meeting common and shared goals.

Performance Management and Reward

28. The ORR is developing a new performance management and reward system to meet the Modernising Government agenda. This will be implemented over two years from now and will include the following features:
- measuring performance against objectives and competencies;
 - a competency framework;
 - regular performance reviews;
 - 360 degree feedback for the senior team; and
 - bonuses for outstanding performance.

Pay and Grading

29. The ORR is carrying out a review of its grading structure and will revise the banding guidance for all non-senior civil service staff.

Equal Opportunities/Diversity Awareness

30. The ORR will continue to meet the civil service target to employ women in 25% of SCS posts. The current figure is 33%.
31. The ORR will contribute to the civil service targets for the employment of people from ethnic minority groups. Currently 18% of its staff have declared themselves from an ethnic minority. The ORR will continue to monitor the position of all staff, and will consider whether to set targets.
32. The ORR is an organisation working towards equal opportunities and every effort is made to encourage people from all sections of the community to apply for jobs. The organisation has recently put in place a programme of equal opportunities training for its entire staff, including the senior management.
33. The ORR operates full and open competition in its recruitment programme.

Learning and Development

34. The ORR is committed to the learning and development of its entire staff. It has already implemented an induction programme, which includes railway operational training, input from the key sections of the organisation and a number of lunchtime awareness sessions, run on a regular basis. It also offers a robust programme of training for all staff, which consists of a range of external and in-house courses, some being industry specific. ORR also sponsors individual members of staff to undertake further education courses as a means of personal development.
35. Key activities in 2001 will be:
- management development;
 - industry/specialist knowledge specific training;
 - information technology;
 - performance management;
 - key management skills; and
 - competency acquisition.

Investors in People Programme

36. ORR expects to achieve the Investors in People standard in March 2001. ORR has improved its management systems and training and development focus in line with the award.

Flexible Working

37. As part of its recognition for flexible working, ORR has a flexitime policy which is currently being trialled.

E2 Wider Public Service Reform

38. The ORR works closely with other public sector departments, other regulators' offices, the Treasury and the Cabinet Office in the implementation of civil service reform and Modernising Government initiatives.

E3 Sickness Absence

39. The ORR is actively supporting the reduction of sickness absence levels across the civil service by 2001 and 2003, as laid down by the Cabinet Office in 1998. It is reviewing its sick absence policies and procedures on a continuous basis and promoting measures to ensure that its sickness absence figures are in line with the Cabinet Office directive.

F. Electronic government

40. The ORR will contribute to targets for electronic government by the following measures:
- Continuing to make all its publications and press notices available on the internet as soon as is practicably possible.
 - To continue to publish all responses to consultations on the ORR website (where consent is given).
 - Develop and extend ORR's intranet as a forum for effective internal communication.
 - Seek to implement process and procedures whereby the majority of internal communication takes place electronically.
 - Make widely available the provision of external electronic communication in order to increase the amount of documents circulated electronically to external audiences

G. Policy and strategy

41. The ORR is developing or has in place a number of initiatives to ensure best practice in policy making as follows:

- The principal purpose of the Strategy, Planning and Communications directorate is, through a review of various conceptual sources and emerging initiatives, to develop and implement far-reaching strategies across a wide range of regulatory and corporate policy issues.
- Reviewing the operational planning process. Continuing to consult upon and publish an annual Operational Plan and budget.
- Reporting on annual achievement against objectives through the ORR's Annual Report.
- Directorate Plans will be reviewed on a quarterly basis against the programme of targets and progress
- Regular reporting against objectives will be put to the ORR Board for its consideration and approval on a quarterly basis.
- Weekly Directors' Management Group meetings to consider and review policies on wider management issues.